

XI. DESCRIPTION OF PROGRAMS

Background

Housing Element law requires that jurisdictions describe existing and proposed programs to address the housing needs it has described. Specifically, the State is looking for a description of the myriad ways a jurisdiction can address housing concerns in the community, both from a land use and from a programmatic standpoint. Many of these programs are designed primarily to address affordability issues, as the cost of housing is a significant impediment to homeowners and renters alike.

Land Use Programs

Below-Market Rate (BMR) Program

The BMR Ordinance was adopted by the City Council in 1999 to provide new affordable housing in Mountain View. The BMR Ordinance requires that developers set aside 10 percent of all new housing units for low and moderate-income persons or pay an in-lieu fee instead of providing the units. The in-lieu fee is then used to build new affordable housing in Mountain View or support other affordable housing programs.

BMR ownership housing is targeted to moderate income households earning between 80 and 100 percent of the median household income. BMR rental housing is targeted to low-income households earning between 50 percent and 80 percent of the median household income. In addition, the City Council has adopted a priority system for BMR units that gives preference to the households in the following order.

1. Mountain View public safety employees.
2. Public school teachers who work in Mountain View
3. Households who have lived in Mountain View for at least two of the last four years.
4. Households who have worked in Mountain View for at least two years.

BMR in-lieu payments are deposited into a Housing Fund and can be leveraged with other funding sources to produce a substantially higher number of affordable housing units than would be built by a developer under the BMR program. Non-profit organizations have had substantial success in using the City's CDBG and HOME funds to leverage other funding sources, such as tax credits and tax-exempt bonds. For example, the City provided \$1 million for the acquisition of the Shorebreeze Apartments which was leveraged to produce \$9 million in additional funding. The in-lieu fees also provide more flexibility for the City to focus funding resources on the type of affordable housing most needed by the community.

In the first two years since the BMR ordinance was adopted, there were 13 approved projects that would result in a total of five BMR units and \$1.7 million in in-lieu fees.

Housing Impact Fee

In January 2002, the City Council adopted a housing impact fee that new commercial and industrial development must pay to mitigate the impacts of additional jobs on the housing supply. A fee of \$6 per square foot applies to office/high tech/industrial buildings and \$2 per square foot is the fee for commercial/retail/entertainment buildings. (There are lower fees for buildings under certain threshold sizes.) Fees that are collected will be used for housing projects and programs for low and moderate income households.

Density Bonus

The zoning ordinance was revised in April 2000 to include a 25 percent density bonus for projects that provide 20 percent low-income, 10 percent very low-income or 50 percent senior units. The City's density bonus provision is consistent with State law requirements to provide additional incentives including a reduction in site development standards (setbacks, coverage, parking), approval of mixed-use zoning if non-residential land uses will reduce the cost of the housing project and other regulatory incentives or concessions. The density bonus provision was part of a comprehensive update of residential zoning standards.

Even before the provisions were added to the ordinance, the City had advised developers about the availability of a density bonus under state law. However, there was little interest from developers. It may not be financially feasible for developers to build the required percentages of low-income, very low-income or senior housing needed to qualify for a 25 percent density bonus except when there are government subsidies. Developers have also expressed concern with the length of time units are required to be held at "below market" rates, the potential for neighborhood opposition to the entire proposed project due to the inclusion of higher density and lower income residents, and potential environmental impacts of the higher densities.

Second Units

The requirements for second units (companion units) in Mountain View were amended in April 2000. The minimum lot area required for second units was reduced from 50 percent larger to 35 percent larger than minimum lot size required within the applicable zone. The 10,000 square-foot minimum lot size requirement was also eliminated. The changes increased the potential number of properties eligible for a second unit from 265 to 465. The City had been receiving one or two applications for second, or companion, units per year. The ordinance has only been in effect for one year so it is too early to tell whether it will encourage new applications. A new Housing Element Action (10.e) proposes to disseminate more information on the City's companion unit opportunities. Another new Action (9.c) proposes that the zoning ordinance be revised to clarify that it is possible to use manufactured housing for companion units. In addition, a State law passed in 2002 makes approval of second units ministerial. In compliance, Mountain View will eliminate its conditional use permit requirement for second units.

Maximizing Densities

An analysis of residential projects built in the past five years shows that the average project is built to about 60 percent (small-lot single-family) to 75-80 percent (downtown condominiums and rowhouses) of the maximum densities allowed. The reason for this is partly environmental, site and neighborhood design influences, but it is also often driven by market demand and decisions by developers to build lower density single-family houses, rather than higher density apartments and condominiums. Two Actions included in the Housing Element are aimed at increasing the proportion of sites developed at maximum densities. One would require that the Zoning Administrator review and act on all projects proposed with less than the maximum density to ensure the reasons are extenuating circumstances such as lot configuration. It would also encourage maximum density near transit corridors and job centers (Action 1.f).

The other Action says to continue to provide appropriate incentives, including the more expeditious review process available to apartments and condominiums as compared to the PUD permit process required for lower density townhouses and small-lot single-family projects, to encourage development at maximum densities (Action 2.d) The City's development review process incorporates incentives for higher density projects in that there are fewer approvals required for apartments and condominiums as compared to townhouses and small-lot single-family projects. Under the City's development review processes, apartments need only DRC approval. Condominiums have an additional step which is subdivision approval by the City Council. However, townhouses and small-lot single-family developments have one more step which is approval of a Planned Unit Development (PUD) permit.²⁴ A PUD must be reviewed by the DRC, the Zoning Administrator and the City Council. The fees for PUD review are also significantly higher than for standard reviews. The Action also says to update development application materials to highlight and promote the simpler review process for higher densities.

Transit-Oriented Development

Mountain View has developed a reputation for excellent transit-oriented developments. The City received a national award for implementation of transit-oriented development from the American Planning Association in 2002. More than 1,000 housing units have been built at the San Antonio Station, the Downtown Station and the Whisman light rail station in the last eight to 10 years. Precise Plans are used to spell out the requirements for areas near stations. Some of the City's remaining undeveloped residential areas are in Precise Plan areas near transit stations.

Mixed Use Development

Mountain View encourages and allows mixed use development in its Commercial/Residential Arterial (CRA) Zone District, which is found primarily along El Camino Real, and in a number of Precise Plans in commercial areas and near transit. Mountain View's oldest project is "Two Worlds" (15 units per acre) on El Camino Real. In the past five years, there has been a surge in mixed use projects, including a former bowling alley site on El Camino Real (19 units per acre);

²⁴ A PUD is a commonly-used planning tool that allows for non-traditional or unique site plan design provided that the project is in substantial compliance with the purpose and intent of the zone district in which it is located.

Park Place (second phase) in the Downtown Precise Plan (53 units per acre), and the Crossings rowhouse area (38 units per acre) in the San Antonio Train Station Precise Plan. A fifth project is under construction (21 units per acre) and another has been approved (22 units per acre), both on El Camino Real in the CRA zone. All of these projects combine medium to high density housing with retail, offices or personal service uses.

Increasing developer interest in mixed use prompted the City to review and revise the residential and mixed use standards in the CRA zone in 2000. The CRA zone encourages mixed use by allowing high densities (up to 43 units per acre) and higher than usual Floor Area Ratios. The zone also accommodates the special design features of mixed use with flexible height, open space and pavement coverage limits. Shared parking is allowed on a case-by-case basis. While changing other standards, the City retained the requirement for a conditional use permit for residential uses so that each proposed location could be considered in the context of adjacent uses. The CRA zone is fully developed with many auto-oriented businesses (auto repair, outdoor sales, fast food restaurants) and residential development is not suitable everywhere.

The Precise Plans that allow mixed use are the Downtown, San Antonio Station, Whisman Station, and five Precise Plans along El Camino Real.

Action 3.a urges continuation of higher density mixed-use development in the CRA, downtown and near transit. Action 1.e proposes to allow mixed-use in the City's Neighborhood Commercial areas as well.

Condominium Conversion Ordinance

Mountain View has a condominium conversion ordinance to protect existing rental units from conversion to ownership housing. The ordinance specifies that the number of rental units cannot fall below 15,000—the number of rental units that existed in 1979 when the ordinance was adopted. The BMR ordinance also applies to condominium conversions.

Shared Parking

Mountain View has allowed parking to be shared between residential and commercial developments and between a residential development and a Caltrain station on a case-by-case basis. The Housing Element contains an Action (17.d) that allows the practice to continue.

Programmatic/Subsidy Assistance

Funding for New Development/Rehabilitation

The City's housing programs have been funded from the City's Downtown Revitalization District tax increments, the federal CDBG and HOME programs; private sector investment and lenders. (There are few state housing fund programs that Mountain View has qualified for.) Programs related to federal funding sources are detailed in the "Consolidated Plan," a separate document required by HUD that brings needs and resources together in a coordinated housing and community development strategy. Programs related to the City's Downtown Revitalization

District housing set-aside funds are detailed in its "Five-Year Implementation Plan." That Plan projects revenues of \$1,880,952 for housing between 1999-00 and 2003-04. Of that amount, \$809,000 has been committed to the efficiency studio project. The Implementation Plan shows that the remainder could be used to preserve 50 units of low and very low income housing, although it is noted that this is only an example of possible programs.²⁵ In 2002, the City revised its projections through 2005-2006 with a new estimate of \$3.7 million in set-aside funds for the 1999-00 to 2005-06 time period. These projections could be adjusted downward by potential State legislation regarding Redevelopment District revenues. The Downtown Revitalization District "Five-Year Implementation Plan" has not yet been revised to reflect the increase. The additional revenues may provide more flexibility for funding other types of housing projects.

The City's CDBG and HOME entitlements have stayed basically flat, with only small cost-of-living increases. However, in the Bay Area, the cost of housing has increased dramatically over the past two years and there has been a corresponding increase in the cost for affordable housing.²⁶ CDBG/HOME funding buys fewer affordable units now than it did several years ago. Mountain View has added the local BMR program and housing impact fees to help it maintain the existing levels of funding for affordable housing projects and programs. In addition, several Housing Element Actions call for investigating new local sources of funding, including the North Bayshore Community Fund (Action 14.b) and as many other sources as possible (Action 14.i).

The various funding sources have different restrictions on their use. CDBG/HOME funds and revitalization district housing set-aside funds have been used to preserve at-risk subsidized projects and new low-income housing such as Ginzton Terrace and the efficiency studios. BMR in-lieu funds and housing impact fees can be used for a wider variety of affordable housing programs. For example, the BMR funds can help with first time home-buyer programs and contributions to the Santa Clara County Housing Trust Fund while housing impact fees can be used for "seed" money for affordable housing projects.

City Role in Producing Affordable Housing

The City of Mountain View does not produce affordable housing by itself. Rather it works with nonprofit housing developers to preserve, rehabilitate and build affordable housing. Development of a new efficiency studio project for lower income households is an example of how the City provides leadership in this area. Work on this project began in September 1998, when the City Council directed staff to find a site for an efficiency studio project. Between 1998 and 2000, the City selected a non-profit developer to carry out the project, identified potential sites for the project and after a year-long process of community meetings and City Council hearings, selected the San Antonio Loop site for the project. The City also allocated all available CDBG, HOME and Revitalization District Housing Set-Aside funds for the project, and worked with the non-profit developer in the selection of an architect and the development of a preliminary project design for 120 units to be built on the site. By April 2002, the City had

²⁵ "1999 Five-Year Implementation Plan for the Mountain View Revitalization Authority," Table III-4, April 2000.

²⁶ In April, 1999, the median home price in Mountain View was \$500,000 and by November, 2000, the median home price in Mountain View had increased to \$650,000, an increase of 30percent in 19 months. Late in 2001, there was evidence home prices were dropping.

granted entitlements for the project, including approval of the environmental analysis, project design and Precise Plan amendments.

The remaining steps are for the City to work with the non-profit developer and the architect to finalize the project design and take the project through the City's building permit process. The City will also execute a ground lease with the non-profit developer for use of the San Antonio Loop site for the project and will work with the developer to submit a tax credit application to the State Tax Credit Allocation Committee. A tax credit allocation is necessary in order for this project to begin construction. Once construction is underway, the City will work with the developer and the community to hold neighborhood meetings and address any community concerns and will also ensure that the project is completed in a timely manner and in compliance with all applicable State and Federal requirements for use of the local and federal funding that has been committed for the project.

Housing Programs to Address Market Considerations

Because of the extreme shortage of affordable housing in the County as a whole, as well as in Mountain View, available funding sources will continue to emphasize the provision of affordable housing opportunities. The City will continue to explore ways to assist moderate income households in buying a house working with the County and the Santa Clara County Housing Trust Fund as described below. However, in order to produce the maximum number of units with the available resources, it is likely that the main emphasis of the City's new housing programs for lower income households will continue to be on rental housing. The "Jobs-Housing Nexus Analysis" prepared for a proposed Housing Impact Fee found that, for the same amount of money, about six times more rental households can be subsidized compared to ownership households because of the higher "subsidy" per ownership household.²⁷

Several Actions in the Housing Element are aimed at encouraging more apartment owners to participate in the Section 8 program with the goal of having 10 percent of all rental units in the program. Action 5.b recommends working with the Tri-County Apartment Association, the Mountain View Housing Council and housing advocates to achieve this goal. Several other Actions identify strategies to help achieve the goal, including working with a regional group to increase Section 8 participation (Action 13.d), lobbying for an increase in "fair market rents" (Action 13.c), identifying a case worker or ombudsman to encourage renter-owner cooperation in the Section 8 program (Action 13.e) and determining whether there are cost-effective alternatives for improving the placement process (Action 13.f).

To assist first-time homebuyers, the City participates in the Mortgage Credit Certificate (MCC) Program that gives a tax credit of up to 15 percent of mortgage interest paid each year (this is in addition to the deduction for mortgage interest). Potential participants (whose income cannot exceed 100 percent of median) must find a house that costs no more than \$410,000.

²⁷ The first draft of the "Jobs-Housing Nexus Analysis," December 2000, by Keyser Marston showed the "affordability gap" for rental households was \$12,500 while the "affordability gap" for ownership households was \$78,000. In both cases, the affordability gap is the difference between what a median-income household can afford to pay and the costs of a rental and ownership units.

The Santa Clara County Housing Trust Fund has also established first-time home-buyers programs, but the programs are countywide and the maximum house price is \$475,000. The Housing Trust Fund, which is a public-private partnership, has raised \$20 million to fund this and several other programs.

For the same reasons that it has been difficult to assist first-time homebuyers—very high housing prices, it has not been possible to operate a housing rehabilitation loan program. In order to purchase a home in Mountain View, homeowners must exceed the federal income limits and therefore are not eligible for receipt of housing rehabilitation loans under the CDBG and HOME Programs. The City will continue to monitor housing conditions in the event that things change and housing rehabilitation loans become feasible and appropriate.

Homeless Assistance Programs

The City's homeless assistance strategy has two prongs: (1) use local programs to (a) create affordable housing to prevent persons from becoming homeless and (b) assist persons who are homeless by funding short-term shelter and emergency assistance programs, and (2) participate in programs to address homelessness on a regional basis.

An essential element of the City's homeless strategy is the provision of services and affordable housing to prevent low-income residents from becoming homeless. The following are key elements to the prevention of homelessness:

- Increasing the supply of affordable housing. The City is currently focusing on the development of 110 to 130 units of efficiency studio housing for very low-income persons.
- Preserving the existing supply of affordable housing in order to prevent displacement of low-income residents.
- Continuation of the Section 8 rent subsidy voucher program in order to provide affordable housing for persons with extremely low incomes.
- Continuation of emergency rental assistance programs to help prevent persons from losing their housing due to a temporary inability to pay their rent.
- Continuation of emergency assistance programs to provide case management and a variety of services to prevent persons on the verge of homelessness from becoming homeless. The Community Services Agency's provides motel vouchers to help 20-30 families and individuals per year with special temporary needs obtain emergency housing.
- Continuation of the tenant/landlord information/referral and mediation program which helps prevent unnecessary evictions.

Once an individual becomes homeless, the goal is to provide shelter and support services and to assist that individual to address any drug/alcohol or other problems they may be dealing with,

obtain employment and move into transitional housing. The following are key elements to assisting homeless persons to break the cycle of homelessness:

- Provision of sufficient shelter beds to accommodate the need for shelter.
- Provision of necessary support services such as case management, food, clothing, transportation, health care, etc.
- Continuation of the Alpha Omega Program in Mountain View, which provides shelter and case management. The Alpha Omega rotating shelter currently provides housing assistance and social services to about 55 single adults each year (9 to 12 persons on any given night). A recent evaluation of shelter clients found that almost 60 percent had achieved 90 percent of their case plan goals. Almost 75 percent are employed and 75 percent have successfully completed life skills workshops. Securing permanent housing remains the most difficult goal for clients to achieve because of the high costs of housing in the area.²⁸
- Continuation of the Alpha Omega Graduate House in Mountain View, which provides transitional housing for those persons who successfully “graduate” from the Alpha Omega Program. The “Graduate House has room for six residents.

To address homelessness on a larger regional basis, the City plans to continue its participation in the Santa Clara County Collaborative on Housing and Homeless Issues. The Collaborative represents homeless shelter and service providers, housing advocates, non-profit developers, and local governmental jurisdictions. The Collaborative encourages a regional coordinated approach to addressing the needs of the homeless and those at risk of homelessness.

For regional programs, Mountain View has supported the Clara–Mateo Alliance and Casa Say that provide shelter and services to homeless people. Clara Mateo operates a 63-bed shelter for homeless persons at the Menlo Park Veterans Center. About 15 of the 480 total clients are Mountain View residents. Homeless or runaway teens are housed at Casa SAY, a single-family house with room for six teens, operated by Social Advocates for Youth. This shelter is located in Mountain View. Programs for homeless families include a facility operated by the Clara Mateo Alliance Shelter (about 12 of the 154 total annual clients served by the six-unit Clara Mateo family shelter are Mountain View residents).

Fair Housing

Fair housing is defined as the equitable access to housing by all households regardless of race, family status, income or disabilities. The main impediment to fair housing choice in Mountain View and the regional housing market is simply the lack of sufficient available and affordable housing. The high cost of housing and the high demand relative to the available supply has tended to particularly affect lower income households, people of color, families with small children and disabled persons. Mountain View, with its high proportion of rental housing units, requires special efforts to monitor possible discriminatory practices and to work with rental

²⁸ Community Services Agency Annual Report to Santa Clara County, 2000-2001

property owners and managers to eliminate these practices. Local programs to address fair housing issues include:

- Funding a fair housing agency to investigate potential discrimination cases, implement outreach and provide information on fair housing issues.
- Funding and managing the Mountain View Mediation Program which also provides information on tenant/landlord rights and responsibilities. Providing information to the public, both renters and property owners and managers, about fair housing laws.

These programs include publication of information in several languages, providing local, multi-lingual staff to assist the public in accessing this information and assistance, distribution of all housing information in multiple languages at the rotating neighborhood meetings sponsored by the City, owner/manager training workshops, distribution of more than 1,000 fair housing brochures to date, a Fair Housing Attorneys and Advocates seminar, daily advertising in the "San Jose Mercury News," bi-weekly advertising in "The Voice" and weekly advertising in the local Spanish language newspaper, "El Observador." Fair housing advertising has also been prominently displayed in bus shelters in Mountain View by the City's mediation service.

- Continuing to monitor the provision of fair housing services to ensure that adequate services are being provided and that services are being provided in the most cost effective means.

As a part of this process, Mountain View helped fund a special study titled "Fair Housing in Santa Clara County, An Assessment of Conditions and Programs, 2000-2002." This study concluded that "Fair housing conditions in Santa Clara County are, as a general matter, very good; in some cases they are outstanding." Its fair housing providers (which Mountain View helps fund) were described as "unusually strong and generally well-funded." The report concluded with several recommendations including establishing a fair housing collaborative task force and improvements in fair housing services and structure. The report cited some ways in which the existing programs could be more effectively coordinated to target fair housing (as separate from landlord-tenant issues) and resources could be reallocated. An Action on participation in the countywide fair housing collaborative task force is included in the Housing Element.